

**NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

BATON ROUGE, LOUISIANA

JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/3/10

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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2009 on our consideration of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting; our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages 1 – 7 and 30 – 34, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "L. A. Champagne".

December 28, 2009

REQUIRED SUPPLEMENTARY INFORMATION



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA 70802

JO BRUCE
JUDICIAL ADMINISTRATOR

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nineteenth Judicial District Court – Judicial Expense Fund (the JEF) provides an overview of the JEF's activities for the year ended June 30, 2009. Please read it in conjunction with the JEF's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The JEF experienced an increase in total net assets of approximately \$323,000 or 34% percent.
- During the year, revenues generated for governmental programs exceeded expenses by \$323,000. Last year revenues exceeded expenses by \$201,000.
- Total cost of all the JEF's programs increased by \$137,000, and total revenues increased by \$259,000.
- The general fund reported a surplus this year of approximately \$264,000. This is an increase from last year's surplus which was \$156,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9-10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements (on pages 11 – 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by providing information about both of the JEF governmental funds.

Reporting the JEF as a Whole

Our analysis of the JEF as a whole begins on page 9. The key question regarding JEF finances, “Is the JEF as a whole better or worse as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the JEF as a whole, and about its activities, in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF’s net assets and changes in them. You can think of the JEF’s net assets—the difference between assets and liabilities—as one way to measure the JEF’s financial health, or financial position. Over time, increases or decreases in the JEF’s net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State’s economic condition to better assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of District Court. Primarily, court costs and fines finance these activities.

Reporting the JEF’s Funds

Our analysis of the JEF’s funds begins on page 11. The fund financial statements provide detailed information about the JEF’s funds, not the JEF as a whole. In addition to accounting for the fees for court costs and fines and other revenues that finance activities of District Court, the JEF also accounts for the appropriation received from the Louisiana Supreme Court to administer the Commissioners’ offices. Fees collected for the preparation of transcripts for indigent defenders are maintained in a separate special revenue fund in accordance with LA R. S. 13:965. The General Fund, the Commissioners’ Fund, and the Indigent Transcript Fund are governmental funds that focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JEF’s operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the JEF’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE JEF AS A WHOLE

The JEF's net assets increased by approximately \$323,000 from \$948,000 to \$1,271,000, due to an increase in revenue from fees, fines, services and grants and an increase in the amount of salaries funded by the appropriation from the City of Baton Rouge.

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the JEF's governmental activities.

Table 1
Net Assets

	2009	2008	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$2,113,623	\$1,738,496	\$ 375,127	22 %
Capital assets	162,530	190,849	(28,319)	(15) %
Total assets	<u>2,276,153</u>	<u>1,929,345</u>	<u>346,808</u>	18 %
Current liabilities	436,907	420,036	16,871	4 %
Accrued compensated absences	568,629	561,629	7,000	1 %
Total liabilities	<u>1,005,536</u>	<u>981,665</u>	<u>23,871</u>	2 %
Net assets:				
Invested in capital assets	162,530	190,849	(28,319)	(15) %
Unrestricted	<u>1,108,087</u>	<u>756,831</u>	<u>351,256</u>	46 %
Total net assets	<u><u>\$1,270,617</u></u>	<u><u>\$ 947,680</u></u>	<u><u>\$ 322,937</u></u>	34 %

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions, increased by more than \$351,000 resulting in a surplus of more than \$1,108,000 at the end of this year.

The JEF's total revenues increased by eight percent or \$259,000. The total cost of all programs and services increased by \$137,000 mainly due to 3% merit increases and the increased expenses corresponding to the Drug Treatment Center and its related 23% increase in revenue appropriation from the Louisiana Supreme Court.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net

Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Fees in the form of court costs and fines represent the majority of the revenues reported for the District Court function.

Table 2
Changes in Net Assets

	2009	2008	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$2,424,836	\$2,176,771	\$ 248,065	11 %
Intergovernmental	949,834	861,279	88,555	10
Charges for services	162,537	208,449	(45,912)	(22)
Interest	18,224	51,101	(32,877)	(64)
Other	3,858	2,221	1,637	74
Total revenues	<u>3,559,289</u>	<u>3,299,821</u>	<u>259,468</u>	8
Program expenses				
District Court	2,832,846	2,710,307	122,539	5
Commissioners'	403,506	388,675	14,831	4
Total expenses	<u>3,236,352</u>	<u>3,098,982</u>	<u>137,370</u>	4
 Increase in net assets	 <u>\$ 322,937</u>	 <u>\$ 200,839</u>	 <u>\$ 122,098</u>	 61 %

THE JEF'S FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$1,645,000, which is \$377,000 more than last year's total of \$1,268,000.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2009, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
General Fund Revenues and Expenditures

	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Revenues				
Fees and fines	\$2,165,144	74 %	\$1,975,442	73 %
Intergovernmental	559,172	19	454,831	17
Charges for services	176,688	6	229,865	8
Interest	18,224	1	51,101	2
Other	3,858	-	2,220	-
Total revenues	<u>2,923,086</u>	<u>100</u>	<u>2,713,459</u>	<u>100</u>
Expenditures				
District Court	2,776,409	95	2,665,053	98
Capital outlay	17,876	1	22,941	1
Total expenditures	<u>2,794,285</u>	<u>96</u>	<u>2,687,994</u>	<u>99</u>
Excess (deficiency) of revenues over expenditures before transfers	128,801	4	25,465	1
Transfers	<u>135,567</u>	<u>5</u>	<u>131,021</u>	<u>5</u>
Excess of revenues over expenditures after transfers	<u>\$ 264,368</u>	<u>9 %</u>	<u>\$ 156,486</u>	<u>6 %</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. The budget was amended to reflect the final budgetary fund balance for July 1, 2008 and to more accurately report projected revenues and operating expenditures. Each year the Court projects revenues based on the previous year's collections. This year the major variances involve the court defrayment fees/court costs and the drug court defrayment fees, which are a portion of criminal court fees and fines, increased by \$73,000 and general court fines, which increased \$111,000. Attorney transcript fees decreased \$48,000 due to a slowing economy and internal adjustments and write-offs made to older, uncollectable accounts. Overall, the court's expenses remained fairly consistent with an overall change of \$106,000; most of which is related to the \$105,000 increase in the Drug Court Treatment Center Grant Revenue appropriated by the Louisiana Supreme Court and annual merit adjustments in salaries, which were mostly offset by the increase in the appropriation from the City-Parish. Capital equipment purchases also remained consistent at \$18,000 and \$23,000 for 2009 and 2008 respectively.

Capital equipment purchases also remained consistent at \$18,000 and \$23,000 for 2009 and 2008 respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2009, the JEF had almost \$906,000 invested in capital assets including computer equipment and office renovations. (See Table 4 below.) This represents a net increase of \$19,000 from last year. Capital additions totaled \$19,000 with no disposition of assets for the fiscal period.

Table 4
Capital Assets at Year-end

	<u>2009</u>	<u>2008</u>
Computer equipment, including software	\$ 481,157	\$ 474,688
Other office equipment	257,138	251,504
Furniture and fixtures	84,472	77,634
Office renovations	<u>82,822</u>	<u>82,822</u>
Totals	<u>\$ 905,589</u>	<u>\$ 886,648</u>

Debt

At year-end, the JEF had approximately \$643,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. That is an increase of four percent from last year. (See Table 5 below.)

Table 5
Outstanding Debt at Year-end

	<u>2009</u>	<u>2008</u>
Accrued compensated absences	<u>\$ 642,519</u>	<u>\$ 645,551</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City-Parish of East Baton Rouge funds most of the District Court operations. The annual budget adopted by the City-Parish for 2009 increased by \$250,000 from its prior year appropriation, a 5.4% increase. This budget includes increases in salaries, medical, dental and post employment benefits with retirement costs remaining flat. The Court grants all eligible employees a three percent merit raise each year. The Court anticipates a three percent increase in revenue collection, but may have to liquidate some of its cash reserves to meet operating expenditures, in particularly the 25.5% increase in its required contribution to the Clerk's of Court Retirement System and the increased costs associated with the Court's employees hired after January 1, 2009 having to join the LASERS retirement system, which currently costs 26% more than the Clerk's System. The Court consistently attempts to reduce operating expenses without jeopardizing the overall operations of the Court.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JEF's finances and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 222 St. Louis Street, Suite 733, Baton Rouge, Louisiana.



Jo Bruce
Judicial Administrator

BASIC FINANCIAL STATEMENTS

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF NET ASSETS**

June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 1,724,774
Accounts receivable (net)	53,205
Receivable from other governments	314,241
Other	<u>21,403</u>
Total current assets	2,113,623
Noncurrent assets:	
Capital assets, net of depreciation	<u>162,530</u>
Total assets	<u>2,276,153</u>
LIABILITIES	
Current liabilities:	
Accounts payable	363,017
Accrued compensated absences	<u>73,890</u>
Total current liabilities	436,907
Noncurrent liabilities:	
Accrued compensated absences	<u>568,629</u>
Total liabilities	<u>1,005,536</u>
NET ASSETS	
Invested in capital assets	162,530
Unrestricted	<u>1,108,087</u>
Total net assets	<u>\$ 1,270,617</u>

See accompanying notes to the basic financial statements.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF ACTIVITIES**
Year ended June 30, 2009

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense)
Governmental activities:					
District Court	\$ 2,832,846	\$ 2,587,373	\$ -	\$ -	\$ (245,473)
Commissioners'	403,506	-	-	-	(403,506)
Total governmental activities	<u>\$ 3,236,352</u>	<u>\$ 2,587,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(648,979)</u>
General revenues:					
Intergovernmental					949,834
Interest					18,224
Other					3,858
Total general revenues					<u>971,916</u>
Change in net assets					322,937
Net assets - beginning of year					<u>947,680</u>
Net assets - end of year					<u>\$ 1,270,617</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash, including time deposits	\$ 1,574,176	\$ 150,598	\$ -	\$ 1,724,774
Accounts receivable (net)	42,635	-	-	42,635
Receivable from other governments	293,451	-	20,790	314,241
Due from other funds	88,921	4,143	484,365	577,429
Total assets and other debits	<u>\$ 1,999,183</u>	<u>\$ 154,741</u>	<u>\$ 505,155</u>	<u>\$ 2,659,079</u>
LIABILITIES				
Accounts payable	\$ 348,090	\$ 14,927	\$ -	\$ 363,017
Due to other funds	484,365	88,921	4,143	577,429
Accrued compensated absences	73,890	-	-	73,890
Total liabilities	<u>906,345</u>	<u>103,848</u>	<u>4,143</u>	<u>1,014,336</u>
FUND BALANCES				
Unreserved, reported in				
General fund	1,092,838	-	-	1,092,838
Special revenue funds	-	50,893	501,012	551,905
Total fund balances	<u>1,092,838</u>	<u>50,893</u>	<u>501,012</u>	<u>1,644,743</u>
Total liabilities and fund balances	<u>\$ 1,999,183</u>	<u>\$ 154,741</u>	<u>\$ 505,155</u>	<u>\$ 2,659,079</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2009

Total governmental fund balances	\$ 1,644,743
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	162,530
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Receivables that are not available to pay current period expenditures and therefore are not reported in the funds.	10,570
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Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.	21,403
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Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(568,629)</u>
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Net assets of governmental activities	<u>\$ 1,270,617</u>
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See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended June 30, 2009

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
REVENUES				
Fees and fines	\$ 2,165,144	\$ -	\$ 259,692	\$ 2,424,836
Intergovernmental	559,172	390,662	-	949,834
Charges for services	176,688	-	-	176,688
Interest	18,224	-	-	18,224
Other	3,858	-	-	3,858
Total revenues	<u>2,923,086</u>	<u>390,662</u>	<u>259,692</u>	<u>3,573,440</u>
EXPENDITURES				
Current operations:				
District Court	2,776,409	-	-	2,776,409
Commissioners'	-	401,726	-	401,726
Capital expenditures	17,876	1,065	-	18,941
Total expenditures	<u>2,794,285</u>	<u>402,791</u>	<u>-</u>	<u>3,197,076</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	135,567	-	-	135,567
Operating transfers out	-	-	(135,567)	(135,567)
	<u>135,567</u>	<u>-</u>	<u>(135,567)</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPEN- DITURES AND OTHER USES	<u>264,368</u>	<u>(12,129)</u>	<u>124,125</u>	<u>376,364</u>
Fund balances - beginning of year	828,470	63,022	376,887	1,268,379
Fund balances - end of year	<u>\$ 1,092,838</u>	<u>\$ 50,893</u>	<u>\$ 501,012</u>	<u>\$ 1,644,743</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES***Year ended June 30, 2009*

Net change in fund balances - total governmental funds	\$ 376,364
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(28,319)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(14,153)
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Expenses reported in the statement of activities in the current period and reported as expenditures of governmental funds in the previous period.	(3,955)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(7,000)
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Change in net assets of governmental activities	<u>\$ 322,937</u>
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See accompanying notes to the basic financial statements.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2009

	Agency Fund
ASSETS	
Due from other governments	\$ 29,520
Total assets and other debits	<u>\$ 29,520</u>
LIABILITIES	
Due to other governments	\$ 29,520
Total liabilities	<u>\$ 29,520</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Financial reporting entity

The Nineteenth Judicial District Court Expense Fund was established by a legislative act effective June 30, 1969. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies and any other costs or expenses related to the proper administration of the court, except for the payment of judges' salaries.

The offices of Commissioner of the Nineteenth Judicial District Court were created by legislative act that provides for the appointment of two commissioners whose duties are assigned by the Chief Judge. These duties include hearing and making recommendations on criminal and civil proceedings arising out of the incarceration of state prisoners. The State of Louisiana appropriates funds for equipment, supplies, and the salaries and related benefits for employees of the Commissioners.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides directly to the court office space, courtrooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements present information only on the Judicial Expense Fund maintained by the Nineteenth Judicial District Court and do not present any other information on the District Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

Basis of presentation

Government-wide financial statements – The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund financial statements – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Judicial Expense Fund uses the governmental fund type. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the Judicial Expense Fund are described as follows:

General fund - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

Special revenue funds - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary fund (agency fund) – The agency fund accounts for assets held by the Judicial Expense Fund in a purely custodial capacity.

Measurement focus and basis of accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Financial statement amounts

Cash, including time deposits – "Cash, including time deposits" includes all demand deposits, savings accounts and certificates of deposit of the Judicial Expense Fund.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." *Interfund receivables* and *payables* are eliminated in the Statement of Net Assets. Details of *interfund receivables* and *payables* at year end are found in Note K.

Receivables

In the government-wide statements, *receivables* consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include amounts due from the Clerk of Court and attorneys for transcript charges.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	5 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years
Office renovations	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

Revenues

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as, amounts due under grant contracts, interest and dividend revenue, transcript charges to attorneys, and drug enforcement forfeitures collected by the District Attorney and paid annually or upon request. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

The annual and sick leave plan adopted by the JEF allows a maximum accumulation of 60 days of vacation leave. Certain employees, hired before the current annual and sick leave plan was adopted, can accumulate more than the 60 days maximum allowed under the current plan. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate, however, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Certain employees of the District Court may accrue up to 30 days of compensatory time in lieu of overtime payment. The Judicial Expense Fund pays compensatory leave up to the maximum accrual amounts upon termination, resignation, retirement or death. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Judicial Expense Fund records a liability for 100% of the accrued vacation and compensatory time for each employee up to the respective maximums at

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the employees' current rate of pay. Additionally, applicable social security and Medicare costs are added to the accrued leave as computed above.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The amounts shown in the accompanying financial statements for accrued compensated absences represent the liability for all employees of the District Court except for the judges and commissioners.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred compensation

Certain employees of the Nineteenth Judicial District Court participate in the Court's Deferred Compensation Plan or the State of Louisiana Deferred Compensation Plan. These plans were adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plans are included in the separately issued audit reports for the Plans. The Nineteenth Judicial District Court Plan audit report is available from the plan's administrator, Nationwide Retirement Solutions, and the State of Louisiana Deferred Compensation Plan is available from the State of Louisiana.

Interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. All transfers between individual governmental funds have been eliminated on the statement of activities.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

B: CASH AND INVESTMENTS (Continued)

At June 30, 2009, the Judicial Expense Fund had cash (book balances) as follows:

Interest bearing demand deposits	\$ 704,774
Time deposits (certificates of deposit)	<u>1,020,000</u>
	<u>\$ 1,724,774</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned to it. The Judicial Expense Fund does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$1,600,588 of the Judicial Expense Fund's bank balance of \$1,850,588 was exposed to custodial credit risk as follows:

Uninsured and collateral held by fiscal agent bank's trust department not in the Judicial Expense Fund's name	<u>\$ 1,600,588</u>
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C: ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists mostly of amounts due from the Clerk of Court and attorneys for transcript charges. Detail of the receivables at June 30, 2009 is as follows:

Transcripts	\$ 34,371
Less allowance for doubtful accounts	<u>6,342</u>
	28,029
Other receivables	<u>25,176</u>
Accounts receivable (net)	<u>\$ 53,205</u>

The allowance for doubtful accounts was established based on historical trends and other information. At June 30, 2009, \$18,075 of the transcripts receivable were past due ninety days or more.

D: INTERGOVERNMENTAL RECEIVABLES / (PAYABLES)

Intergovernmental receivables due at June 30, 2009 are as follows:

General fund

East Baton Rouge Parish Sheriff	\$ 160,651
East Baton Rouge Clerk of Court	16,734
East Baton Rouge Parish / City of Baton Rouge	-
East Baton Rouge Parish Family Court	900
Louisiana Department of Public Safety	3,088
Louisiana Supreme Court	103,778
Nineteenth Judicial District Court Building Commission	8,300
	<u>\$ 293,451</u>

Indigent transcript fund

East Baton Rouge Parish Sheriff	<u>\$ 20,790</u>
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E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Computer equipment, including software	\$ 474,688	\$ 6,469	\$ -	\$ 481,157
Other office equipment	251,504	5,634	-	257,138
Furniture and fixtures	77,634	6,838	-	84,472
Office renovations	82,822	-	-	82,822
Totals at historical cost	<u>886,648</u>	<u>18,941</u>	<u>-</u>	<u>905,589</u>
Less accumulated depreciation				
Computer equipment, including software	375,840	30,682	-	406,522
Other office equipment	183,460	12,127	-	195,587
Furniture and fixtures	59,260	2,571	-	61,831
Office renovations	77,239	1,880	-	79,119
Totals at historical cost	<u>695,799</u>	<u>47,260</u>	<u>-</u>	<u>743,059</u>
Capital assets, net	<u>\$ 190,849</u>	<u>\$ (28,319)</u>	<u>\$ -</u>	<u>\$ 162,530</u>

E: CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

District Court	\$ 45,355
Commissioners'	<u>1,905</u>
	<u>\$ 47,260</u>

F: LONG-TERM DEBT

As of June 30, 2009, the governmental long-term debt consisted of the following:

Accrued compensated absences:	
Current portion	\$ 73,890
Non-current portion	<u>568,629</u>
Total governmental activity debt	<u>\$ 642,519</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due within One Year
Accrued Compensated Absences	\$ <u>645,551</u>	\$ <u>-</u>	\$ <u>3,032</u>	\$ <u>642,519</u>	\$ <u>73,890</u>

G: SALARY EXPENDITURES

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed by the fund but appropriated in the City-Parish budget. Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Nineteenth Judicial District Court and the East Baton Rouge Parish Clerk of Court.

The amounts included in the accompanying financial statements are the salary expenditures of the Judicial Expense Fund, net of any amounts paid or reimbursed by either the City-Parish or the Clerk of Court.

H: PENSION PLANS*Louisiana State Employees Retirement System*

Plan Description. The employees of the Commissioners' offices, whose salaries are paid from an appropriation from the State of Louisiana, court reporters hired after June 30, 2003, and all other

H: PENSION PLANS (Continued)

court employees hired after January 1, 2009 are members of the Louisiana State Employees Retirement System ("System"), a public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate Board of Trustees. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS). The Louisiana State Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana State Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling 1-800-256-3000.

Funding Policy. Plan members are required by state statute to contribute 7.5%, 8% for employees hired after July 1, 2006, of gross salary to which District Court added a 18.5% and 20.4% contribution as an employer's match for the years ended June 30, 2009 and 2008, respectively. The contribution requirements of plan members and District Court are established and may be amended by the System's Board of Trustees. The Commissioners' offices statutory and actual contributions for the years ending June 30, 2009, 2008, and 2007 were \$146,237, \$121,536, and \$93,097, respectively.

Louisiana Clerks of Court Retirement and Relief Fund

Plan Description. Other court employees, whose salaries are expenditures of the Judicial Expense Fund, are members of the Louisiana Clerks of Court Retirement and Relief Fund (Fund), a multiple-employer, cost sharing public employee retirement system, controlled and administered by a separate Board of Trustees. The Fund provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling 225-293-1162.

Funding Policy. Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Nineteenth Judicial District Court is required to contribute at an actuarially determined rate. The rate is 11.75% of annual covered payroll for the years ended June 30, 2009 and 2008. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Nineteenth Judicial District Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Nineteenth Judicial District Court's contributions to the System for the years ending June 30, 2009, 2008, and 2007 were \$498,172, \$501,321, and \$693,264, respectively, which were equal to the required contributions for each year.

I: OTHER POSTEMPLOYMENT BENEFITS

District Court Employees

In addition to the pension benefits described in Note H, the City-Parish provides post retirement health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

Health and dental benefits

Employees may at their option participate in the group health and dental insurance programs. Upon retirement the employee may continue coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

Employees and retirees contribute from 25% to 48% of the premiums and the City-Parish contributes from 52% to 75% of the premiums depending upon the number of family members covered. Effective January 1, 2003, the current costs of these premiums were allocated over all employers and funds that participate in the health and dental self-insurance programs.

The Judicial Expense Fund does not recognize expenditures for the employer portion of these benefits since they are provided by the City-Parish.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Judicial Expense Fund does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

Commissioners' Office Employees

In addition to the pension benefits described in Note H, the State of Louisiana provides post-retirement health care benefits. LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the commissioners' office to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commissioners' employees become eligible for those benefits if they reach normal retirement age while working for the Commissioners' office. Monthly premiums are paid jointly by the employees and the employer (from the Commissioners' office appropriation) for active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits.

The Judicial Expense Fund does not recognize expenditures for these benefits since they will be included in the annual appropriation from the State of Louisiana.

I: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The portion of the East Baton Rouge City-Parish annual OPEB cost attributable to the Judicial Expense Fund was calculated based upon the annual required contribution (ARC) as actuarially determined under the applicable provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated for the City Parish by an outside actuarial consultant.

For the year ended December 31, 2008, the Judicial Expense Fund's allocated portion of the ARC and annual OPEB cost amounted to \$1,232,377 and the net OPEB obligation at that date was \$1,928,261.

As noted above, these benefits are provided by and are the obligation of East Baton Rouge City-Parish. Therefore, the Judicial Expense Fund does not recognize the annual OPEB costs related to these benefits or the associated OPEB obligation since the annual OPEB cost and the OPEB obligation are included in the financial statements of the City-Parish government.

J: OPERATING LEASES

The Court leases office equipment under agreements that are classified as operating leases. Most of these leases can be extended on a month-to-month basis until either the Court returns the equipment to the lessor or the lessor terminates the lease by written notice. In most cases, the leases are extended or replaced by other leases. Operating lease payments during 2009 totaled \$16,341.

The remaining annual minimum lease payments under these agreements as of June 30, 2009 are as follows:

For the years ending June 30,	
2010	\$ 12,148
2011	1,521
	<u>\$ 13,669</u>

K: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at June 30, 2009:

	Due to:				Total
	General Fund	Commissioners' Fund	Indigent Transcript Fund	Drug Treatment Fund	
Due from:					
General Fund	\$ -	\$ -	\$ 470,108	\$ 14,257	\$ 484,365
Commissioners' Fund	88,921	-	-	-	88,921
Indigent Transcript Fund	-	4,143	-	-	4,143
	<u>\$ 88,921</u>	<u>\$ 4,143</u>	<u>\$ 470,108</u>	<u>\$ 14,257</u>	<u>\$ 577,429</u>

Outstanding balances between funds reported as "due to/due from other funds" includes charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

The operating transfers in or out during the year ended June 30, 2009 are as follows:

	Transfers to:
	General Fund
Transfers from:	
Indigent transcript fund	\$ 135,567

Transfers are substantially for the purposes of subsidizing operating functions. Court reporters are paid from the general fund, and the indigent transcript fund reimburses the general fund whenever the transcript is categorized as "indigent." Whenever expenditures for the Commissioners' offices exceed the state appropriation, the general fund covers the excess.

L: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies and the State of Louisiana. The majority of the other receivables are due from Louisiana attorneys who practice before the court. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

Certain operating expenditures of the district court are paid by the City-Parish and are not included in the accompanying financial statements. The City-Parish has a calendar year end, and the expenditures for the operation of the district court for the year ended December 31, 2008 are:

L: CONCENTRATIONS OF CREDIT RISK (Continued)

Summarized as follows:

Personal services	\$ 3,223,700
Employee benefits	1,340,418
Supplies	1,488
Contractural services	99,199
Capital outlay	-
	<u>\$ 4,664,805</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND, INDIGENT TRANSCRIPT FUND AND
DRUG TREATMENT FUND**

Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - July 1, 2008	\$ 1,328,844	\$ 1,205,357	\$ 1,205,357	\$ -
Resources (inflows):				
Fees and fines:				
Clerk of Court - civil and probate filing fees	168,000	180,000	177,004	(2,996)
East Baton Rouge Parish Sheriff:				
Court costs	194,000	273,000	276,359	3,359
Court defrayment costs	358,000	400,000	397,649	(2,351)
Bail bond forfeitures	79,000	58,000	77,173	19,173
Fines	605,000	715,000	773,999	58,999
Indigent transcript fees	195,000	240,000	254,462	14,462
East Baton Rouge District Attorney:				
Drug enforcement forfeitures	61,000	63,000	71,910	8,910
Bail bond license fees	303,000	330,000	357,468	27,468
Louisiana Department of Public Safety - license fees	22,000	27,500	33,038	5,538
Intergovernmental:				
U. S. Department of Justice,				
Drug court treatment program grant	-	-	-	-
Louisiana Commission on Law Enforcement, pass-through grants	1,000	-	-	-
Louisiana Supreme Court:				
Drug court appropriation	635,000	576,000	559,172	(16,828)
Charges for services:				
Transcript charges to attorneys	248,000	170,000	156,388	(13,612)
Program fees	23,000	18,000	16,700	(1,300)
Copy charges for probable cause affidavits	-	-	-	-
MIS professional fees	-	3,600	3,600	-
Interest	54,000	18,000	18,224	224
Other	1,000	2,500	4,402	1,902
Drug treatment program	1,000	500	5,230	4,730
Amounts available for appropriation	<u>2,948,000</u>	<u>3,075,100</u>	<u>3,182,778</u>	<u>107,678</u>

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
District Court:				
Personal services:				
Salaries and benefits	\$ 1,581,300	\$ 1,731,000	\$ 1,627,427	\$ 103,573
Transcript services	-	-	-	-
Supplies:				
Office supplies	143,450	126,700	100,053	26,647
Computer supplies	12,700	17,500	16,568	932
Drug screen lab supplies/services	153,600	174,800	145,714	29,086
Dues and subscriptions	86,200	97,500	92,345	5,155
Other	2,500	2,500	(9,825)	12,325
Contractual services:				
Legal and other professional fees	38,000	35,000	26,560	8,440
Drug treatment services	635,000	576,000	564,209	11,791
Surety bonds	4,100	6,200	7,973	(1,773)
Workers' compensation insurance for community service workers	2,300	2,500	2,438	62
Other contractual services	44,600	42,800	40,121	2,679
Drug screens	7,000	7,000	1,620	5,380
Parking fees	5,300	4,800	4,610	190
Travel, meetings and conferences	102,000	97,500	72,798	24,702
Equipment repair and maintenance	77,500	74,500	48,140	26,360
Equipment	36,200	50,500	35,658	14,842
Indigent defense	100,000	-	-	-
Capital outlay	20,000	18,500	17,876	624
Total charges to appropriations	3,051,750	3,065,300	2,794,285	271,015
	1,225,094	1,215,157	1,593,850	378,693

COMPENSATION FUND FOR JURORS IN CRIMINAL CASES

	Agency Fund			
Budgetary fund balance - July 1, 2008	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Criminal juror compensation	-	-	-	-
Charges to appropriations (outflows):				
Criminal juror compensation	-	-	-	-
	-	-	-	-
Budgetary fund balance - June 30, 2009	\$ 1,225,094	\$ 1,215,157	\$ 1,593,850	\$ 378,693

See accompanying notes to budgetary comparison schedules.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE - COMMISSIONERS' FUND

Year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - July 1, 2008	\$ -	\$ -	\$ 63,022	\$ 63,022
Resources (inflows):				
Intergovernmental:				
State of Louisiana	390,662	390,662	390,662	-
Amounts available for appropriation	<u>390,662</u>	<u>390,662</u>	<u>390,662</u>	<u>-</u>
Charges to appropriations (outflows):				
Commissioners':				
Personal services:				
Salaries	284,735	284,735	290,588	(5,853)
Transcript services	-	-	-	-
Group benefits:				
Payroll taxes	1,155	1,155	1,583	(428)
Group insurance	28,432	28,432	30,246	(1,814)
Retirement	52,676	52,676	46,516	6,160
Supplies:				
Office supplies	4,258	4,258	6,748	(2,490)
Computer supplies	1,194	1,194	2,210	(1,016)
Dues and subscriptions	540	540	12,581	(12,041)
Other	146	146	2,282	(2,136)
Contractual services:				
Legal and other professional fees	1,132	1,132	1,624	(492)
Other contractual services	2,124	2,124	-	2,124
Parking fees	1,557	1,557	480	1,077
Travel, meetings and conferences	4,932	4,932	3,615	1,317
Equipment repair and maintenance	1,298	1,298	2,120	(822)
Telephone	1,080	1,080	1,133	(53)
Capital outlay	<u>5,403</u>	<u>5,403</u>	<u>1,065</u>	<u>4,338</u>
Total charges to appropriations	<u>390,662</u>	<u>390,662</u>	<u>402,791</u>	<u>(12,129)</u>
Budgetary fund balance - June 30, 2009	\$ -	\$ -	\$ 50,893	\$ 50,893

See accompanying notes to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

June 30, 2009

Budgetary accounting and control

Budget law

The Judicial Expense Fund prepares the annual combined operating budget for the general fund, the indigent transcript fund, and the drug treatment fund under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for these funds:

- (1) An operating budget is prepared at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior-year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

With regard to the Commissioners' fund, which is an appropriation of the Louisiana Supreme Court for the operation of the commissioners' offices, the Judicial Budgetary Control Board governs the budget. R.S. 39:4B exempts the judiciary of the state from the State Division of Administration budgetary control, and since budgetary reporting for the Commissioners' Fund is the responsibility of the Judicial Budgetary Control Board, the Nineteenth Judicial District Court is of the opinion that the Commissioners' Fund is also not subject to the Local Government Budget Act (R.S. 39:1301-14), in particular, those requirements relating to public hearings and advertisement. Accordingly, the Commissioners' Fund budget to actual presentation will utilize the budget data formulated under the auspices of the Judicial Budgetary Control Board.

These procedures are followed in establishing the budgetary data reflected in the financial statements with regard to the special revenue fund:

- (1) An operating budget is prepared for the commissioners' fund prior to the commencement of the budgetary fiscal year and submitted to the Judicial Budgetary Control Board. The operating budget includes proposed expenditures for the upcoming year.
- (2) All funds remaining unexpended or unencumbered at year end shall be returned to the state general fund.
- (3) Any surpluses occurring in the appropriation may be transferred from one line item to another during the fiscal year.

Budgetary accounting

The General Fund, Indigent Transcript Fund and the Commissioners' Fund budgets are prepared and presented using the modified accrual basis of accounting.

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MEMBER OF THE CENTER FOR
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the financial statements of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Continued

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nineteenth Judicial District Court - Judicial Expense Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and governing body of the Nineteenth Judicial District Court - Judicial Expense Fund, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R.S. 24:513, this report is distributed by the Legislative Auditor as a public document.



December 28, 2009

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND RESPONSES**
Year Ended June 30, 2009

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unqualified opinion on the financial statements of Nineteenth Judicial District Court – Judicial Expense Fund.
2. No significant deficiencies related to the audit of the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund are reported in the “Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.”
3. No instances of noncompliance material to the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. A management letter was not issued in conjunction with this engagement.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
MANAGEMENT’S CORRECTIVE ACTION PLAN**
Year Ended June 30, 2009

None required

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
*Year Ended June 30, 2009***

08-1. Reconciliation of Control Accounts

Condition: The balance of the transcripts receivable reflected in the Great Plains subsidiary billing and accounts receivable system was reconciled to the general ledger control account balance through a separate manually prepared spreadsheet analysis of open accounts. However the Great Plains billing and accounts receivable system has over the years prior to fiscal 2008, accumulated a number of transaction errors that have not been purged from the system.

Action Taken: The transcripts receivable was reconciled during the current fiscal period and the Great Plains subsidiary system was purged and rebuilt with the reconciled transactions. The balance of the transcripts receivable reflected in the Great Plains subsidiary system reconciles with the general ledger as of June 30, 2009. The two systems are now being reconciled on a monthly basis and all adjustments are being made timely.

08-2. Internal Control over Disbursements/Expenses

Condition: Our test of disbursements disclosed that a number of vendor invoices/statements did not have documentation of the authorization for the expenditure, an indication of the receipt of the goods or services or approval for payment by the responsible parties particularly those initiating the transactions for acquisition of goods and services. Also the vendor invoices are not cancelled or marked as paid.

Action Taken: Management did develop and implement policies and procedures to properly document authorizations, verifications and approvals by responsible parties for the current financial period. The Court's procedure to prevent the duplicate payment of vendor invoices is to attach a stapled copy of the check stub from the three-part check or a copy of the check used to remit payment to every invoice to indicate payment has been made. No check stub exists until the check is actually printed and no invoice is paid if a stub or check copy is already attached to it. Vendor invoices are also stamped to indicate payment has been made.